

# Exhibit 1B

8

## Albany County

# Department of **HUMAN RESOURCES**

**Daniel P. McCoy, Albany County Executive**  
**Jennifer Skelly Clement, Commissioner**

### MEMORANDUM

TO: Hon. Andrew Joyce, Chairman, Albany County Legislature

CC: Dennis Feeney, Majority Leader  
Frank Mauriello Minority Leader  
Majority Counsel  
Minority Counsel

FROM: Jennifer Skelly Clement, Commissioner of Human Resources

DATE: 08/13/2018

**RE: Albany County Health Plan Administrator: Empire**

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Attached please find the RLA to approve the contract with Empire as the Administrator for the Albany County Health Plan for employees and retirees under 65.

Empire was the selected bidder through the RFP process. Attached please find the recommendation from our benefits consultant, which includes the RFP score charts and summary analysis.

Please feel free to contact me with any additional questions you may have.

FOR COUNSEL USE ONLY	
Date Received:	8-15-18
Received by:	AK
Method: Hand:	✓
Courier:	
Mail:	

## REQUEST FOR LEGISLATIVE ACTION

RLA #2916: Approval of Employee Health Benefit Contract with Empire

**DATE:** Monday, August 06, 2018  
**DEPARTMENT:** Human Resources  
Contact Person: Jennifer Clement, Commissioner  
Telephone: 518-447-5690  
Dept. Representative Attending Committee Meeting: Jennifer Clement, Commissioner

### PURPOSE OF REQUEST:

Adopting of Local Law \_\_\_\_\_  
Amendment of Prior Legislation \_\_\_\_\_  
Approval/Adoption of Plan/Procedure \_\_\_\_\_  
Bond Approval \_\_\_\_\_  
Budget Amendment (see below) \_\_\_\_\_  
Contract Authorization (see below) X  
Environmental Impact \_\_\_\_\_  
Home Rule Request \_\_\_\_\_  
Property Conveyance \_\_\_\_\_  
Other: (State briefly if not listed above) \_\_\_\_\_

### CONCERNING BUDGET AMENDMENTS STATE THE FOLLOWING:

Increase Account/Line No. \_\_\_\_\_  
Source of Funds: \_\_\_\_\_  
Title Change: \_\_\_\_\_

### CONCERNING CONTRACT AUTHORIZATION STATE THE FOLLOWING:

#### TYPE OF CONTRACT:

Change Order/Contract Amendment \_\_\_\_\_  
Purchase (Equipment/Supplies) \_\_\_\_\_  
Lease (Equipment/Supplies) \_\_\_\_\_  
Requirements Professional Services X  
Education/Training \_\_\_\_\_  
Grant: \_\_\_\_\_  
    New \_\_\_\_\_  
    Renewal \_\_\_\_\_  
    Submission Deadline Date \_\_\_\_\_  
Settlement of a Claim \_\_\_\_\_  
Release of Liability \_\_\_\_\_  
Other: (State briefly) \_\_\_\_\_

**CONCERNING CONTRACT AUTHORIZATION (Cont'd)**

**STATE THE FOLLOWING:**

Contract Terms/Conditions:

Party (Name/Address)	Empire BlueCross BlueShield 11 Corporate Woods Blvd. Albany, NY 12211
Amount/Raise Schedule/Fee	\$0.00
Scope of Services	Employee Health Benefits

Contract Funding:

Bond Res. No.:	
Date of Adoption:	

**CONCERNING ALL REQUESTS:**

Mandated Program/Service:	Yes
If Mandated Cite: Authority	Albany County
Anticipated in Current Adopted Budget	Yes

County Budget Accounts:

Revenue	
Appropriation	

Fiscal Impact - Funding: (Dollars or Percentages)

Federal	0%
State	0%
County	100%
Local	0%

Term/Length of Funding:	36 Months (12/1/2018 - 11/30/2021)
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<u>Impact on Pending Litigation</u>	No
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If yes, please explain:	
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Previous Requests for Identical or Similar Action

Resolution/Law Number	
Date of Adoption	

Justification: (State briefly why legislative action is requested)

Resolution to approve a contract for Empire Blue Cross to Administer the Health Insurance Coverage for Employees. The term of the contract is for three years with two one-year renewable options.

Back-up Material Submitted: (i.e., application/approval notices from funding source, bid tabulation sheet, civil service approval notice, program announcement, contracts and/or any materials which explain or support the request for legislative action.)

<http://acvsp2010/sites/CALM/Lists/RLA/Attachments/2916/Health Plan RFP Cover.doc>

[http://acvsp2010/sites/CALM/Lists/RLA/Attachments/2916/2018 LC Recommendation Memo - Medical Plan RFP Results \(06-21-2018\).docx](http://acvsp2010/sites/CALM/Lists/RLA/Attachments/2916/2018 LC Recommendation Memo - Medical Plan RFP Results (06-21-2018).docx)

<http://acvsp2010/sites/CALM/Lists/RLA/Attachments/2916/Health Plan RFP Cover.doc>

Submitted by:	Jennifer Clement
Title:	Commissioner



~~LOCEY & CAHILL, LLC~~

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SYRACUSE, NY 13202-1180

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**MEMORANDUM**

**DATE: JUNE 21, 2018**

**TO: COUNTY OF ALBANY LEGISLATURE  
PERSONNEL SUB-COMMITTEE**

**FROM: LOCEY & CAHILL, LLC**

**RE: 2018 MEDICAL PLAN RFP RESULTS**

This memo is a summary of the review and analysis work conducted by Locey & Cahill, LLC in conjunction with the County of Albany Personnel Department. This memo is intended to provide an overview of the County's current structure for providing health insurance, a comparison of the different aspects of this plan compared to a self-insurance model, and an analysis of the proposals received from the various administrator and/or insurance companies looking to administer this new plan for the County.

**HEALTH INSURANCE OVERVIEW**

On May 1, 2006 the County of Albany joined its health insurance offerings into one consolidated health insurance plan administered by Empire BlueCross BlueShield. Prior to this decision, the County of Albany purchased health insurance via a traditional insurance model. The County contracted with Empire BCBS and GHI on an experience-rated basis and with CDPHP on a community-rated basis.

The objective of the consolidated offering was and still is to provide a benefit which was equal to or better than the benefits offered by the County prior to May 1, 2006, while increasing the financial efficiency of the plan. The primary goal of the new health insurance plan was to consolidate the risk pool into one medical benefits plan for all active employees, retirees, and their family members. This was achieved through the development of the County of Albany Health Insurance Plan as administered by Empire BlueCross.

It is our professional opinion that the County continues to attain each of these objectives and the structure of the County's current Medical Plan remains the most cost-effective form of providing this benefits to the County's employees and retirees.

The County of Albany developed a plan of benefits which merged three health insurance plan offerings into one by selecting the most generous benefit available in the prior insured plans. This process ensured the covered members that their new benefit plan would provide at least the level of benefits that they had enjoyed previously. Since that time, the health insurance plan has been updated through the collective bargaining process with some small incremental changes being made to keep the premiums at a more reasonable level for the County during these tough economic times for municipalities in the State of New York.

Through this process, the County of Albany was able to streamline and simplify the management of the health insurance plans for the employees and retirees. This consolidated approach eliminated the guess work of employees annually selecting their health insurance plan. It also simplified the management of the health insurance plans for the County itself.



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Another key result associated with the consolidation of the risk pool was the stability associated with insuring a larger population. In the insurance industry, a common statistical principle is utilized based on the law of averages or law of large numbers. Simply stated, this principle stipulates that a larger diverse demographic population will have more stable and more predictable losses over a period of time. We feel this principle has assisted the County in the financial management of the Plan resulting in an average annual increase in medical paid claims and related expenses equaling slightly more than 5%. This result has allowed the County of Albany to implement modest increases in the premium equivalent rates over the past several years with the most recent increases for 2016 through 2018 have averaged 4.50% annually. It should be noted that these increases in premium equivalent rates include the costs associated with the County's prescription drug plans which have historically trended at a higher rate than medical plans.

The number one goal of the process associated with consolidating the health insurance plan and changing the funding mechanism associated with the plans was to reduce expenses on an overall basis. It is our professional opinion that this goal was achieved with an estimated \$13,414,733.24 savings being achieved through December 2010. In order to make this comparison, we had to utilize some assumptions relative to the "future costs" associated with the old insured plans with CDPHP, Empire BlueCross, and GHI. To forecast the "Old Plans" costs for the 2006 Plan Year from May to December, we simply utilized an average of the first four months for the remaining eight months in 2006. In addition, we analyzed the average premium rate increase associated with each of the prior insured plans from 2000 to 2006 and increased the premiums by the average overall increase for those years which calculated to be approximately 9% per annum. This inflationary factor was used starting with the 2006 Fiscal Year. We have not updated this savings analysis as the time-frame has, in our professional opinion, been too long at this point making any recent comparisons in cost less credible.

Before you can control and influence the spending of money associated with a health insurance plan, you have to gain an understanding of where every dollar is being spent. The Minimum Premium Insurance Model currently being utilized by the County of Albany does just that by itemizing every penny spent in the Plan. Each month, we receive a detailed accounting of the expenses associated with the Plan.

Approximately \$0.90 of every dollar spent by the County of Albany on its minimum premium health insurance plan is being utilized to pay for the benefits of covered members either in a direct claim payment or in a claim related expense item. This is a fairly efficient model which shows that the dollars are being maximized to an extent. However, this is an area where we would like to see some improvement in the next several years as we continue to look for ways to reduce overhead expenses and increase the dollars available to pay benefits.

As we stated many times in the past, all of the efforts to date have been to make the health insurance plan as efficient as possible without reducing the benefits to the covered members or increasing the risk and/or liability to the County of Albany beyond what is deemed prudent by County Administration and the County Legislature.

**MUNICIPAL COOPERATIVE HEALTH BENEFIT PLAN DEVELOPMENT**

As you are aware, in recent months, the County of Albany Executive and the County of Albany Legislature has discussed the idea of moving to a true self-insurance model for the provision of hospital, medical, and surgical benefits by developing a municipal cooperative health benefit plan under Article 47 of the New York State Insurance Law. In our role as Plan Consultant to the County and based on our experience as the only consulting firm to develop a municipal cooperative health benefit plan "from the ground up" under Article 47, we are uniquely positioned to provide technical support to the efforts of the County in this regard.



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The transition to a self-insured municipal cooperative health benefit plan model requires all concerned parties to carefully weigh all of the pros and cons of such a move prior to any final decisions being made. As part of this process, we have attached a detailed comparison of the County's current structure utilizing the Minimum Premium Agreement with Empire BlueCross BlueShield to the Self-Insured Plan structures allowed by Article 44 and Article 47 of the New York State Insurance Law. We provide this comparison based on our years of experience as employee benefit consultants working with Clients in both organizational models. This information and comparison are not legal opinions or advice, but are the result of our more than twenty-two years of experience working with each of these models.

As you will note from the information provided in this memo and the related materials, the transition from a Fully-Insured Model via a Minimum Premium Agreement to a Self-Insured Model is a complex matter with a number of key decision points. We appreciate the desire of the County Legislature to continually test to ensure the County is conducting its business in the most efficient and cost-effective manner. We will continue to work to provide the necessary data and information needed to assist the County Executive and the County Legislature with its work to ensure the County meets its goals and objectives.

We realize the idea to move to a Self-Insured Model has been supported by several people with an eye on cost reduction. However, we feel it is important that the enclosed information be shared with key decision makers to ensure they have all of the facts prior to any final decisions being made.

**INSURER/ADMINISTRATOR RFP RESULTS**

To continue to ensure the ongoing cost effectiveness of the County's Medical Plans, we were charged with the task of developing a Request for Proposal (RFP) for administrative services only associated with the County of Albany's medical benefits plan. This RFP was issued in the later part of 2017 with responses being received by the County of Albany Department of Purchasing from Aetna, BlueShield of Northeastern New York, CDPHO, Empire BlueCross BlueShield (incumbent), and MVP Health Care, Inc.

The proposals were analyzed by the County of Albany Personnel Department in collaboration with the staff at Locey & Cahill, LLC. We collectively reviewed the proposal materials to develop an understanding of each respondent's qualifications, abilities, and experience in providing the services sought by the County of Albany. The RFP included the following ten criteria which needed to be evaluated and scored:

1. Proposer Qualifications and References
2. Client Support Capabilities
3. Member Services
4. Plan Design
5. Provider Network Adequacy
6. Network Pricing
7. Claim Adjudication Services
8. Utilization Management
9. Administrative Costs
10. Mandatory Documentation



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All Proposals received by the County of Albany were evaluated and scored. In the following, we will summarize the findings of each category for your review and reference.

**PROPOSER QUALIFICATIONS AND REFERENCES**

In this evaluation criterion, we reviewed such factors as the respondent's experience with the County of Albany and other similarly situated municipal clients. In addition, we evaluated each proposer's experience with Administrative Services Only (ASO) Plans in New York and more specifically in the Capital Region of New York State. Based on the evaluation of the responses to the RFP, this criterion was scored as follows:

	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP Self Funded & Fully Insured	Value
References provided	5	5	6	10 (5 pre-65 and 5 MAP)	5	1.50
Municipal References	4	2	3-Not in NY, 3 in NY	4	1	2.50
Employees bonded -4	Yes/10,000,000	Yes	Yes, 5,000,000	Yes/5,000,000	Yes/5,000,000	1.00
Error and Omissions Insurance -4	Yes/20,000,000	Yes/20,000,000	Yes/1,000,000	Yes/20,000,000	Yes/10,000,000	1.50
Copy of declaration page	Yes	Yes	Yes	Yes	Yes	1.00
Years in business -2	83 yrs	71 yrs	165	34 yrs	33 yrs	1.50
State of organization -2	NY	NY	PA	NY	NY	1.00
<b>Criterion Score</b>	<b>8.90</b>	<b>8.70</b>	<b>8.75</b>	<b>8.70</b>	<b>8.30</b>	<b>10.00</b>

The above score was based on the responses to the RFP, the references provided by each proposer, and our experience, knowledge, and opinion as to the capabilities of each company to administer the County's Medical Plan.

Once the evaluation was complete, the scores were developed for this criterion based on the rate summarized above and the weight stipulated in the RFP. In the conclusions and recommendations, we have provided the overall score which includes this criterion.

**CLIENT SUPPORT CAPABILITIES**

There were a number of areas reviewed as part of this criterion evaluation which were included in the RFP document. These services are those services which most directly impact the County's customer service interaction with the company. The goal of this aspect of the review process was to identify and evaluate the service capabilities of each respondent to ensure it meets the needs of the County of Albany and its staff with the administration of the Plan. The evaluation process reviewed items which included, but were not limited to, the type of staff available, the hours of operation, on-line access to data and information, the availability of on-line enrollment and reporting. The scoring on this particular criterion is somewhat subjective as it relies upon the experiences of the County and Locey & Cahill, LLC along with the responses to the RFP, and the ability of the proposer to convey their abilities during the finalists' on-site presentations.

In the following chart, we have summarized some of the key areas evaluated during this phase of the analysis and the summary score given to each respondent for this particular criterion.



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	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP Self Funded	Value
Dedicated staff to client -7	No	Yes	No	Yes	Yes	1.00
Support staff availability (EST) -9	M-F; 8:30-5:00	M-F; 8:00-5:00	M-F; 8:00-6:00	M-F; 8:30-5:00	M-F; 8:30-5:00	1.00
Online client functions -10	Enroll, status updates, claim issues, claim info (not referral-not required), ID cards, view group benefits, employee coverage, customer service	Enroll, update, view claim/referrals, request or print temporary ID cards, view group billing info, pay bill, service/admin inquiries	Enroll, update, view claim and referral info, eligibility, plan info, COB info, benefit info.	Enroll, email CS, update eligibility, view drug formulary, request ID cards, print temporary cards, view aggregate claim info, view group billing info.	Enroll, update eligibility, claim/referrals, print ID cards, billing info, benefits, view invoice, make payments, download roster, find docs, electronically contact	1.00
Verifies Student/Handicap/Medicare eligibility -11	Student not required. COB, handicapped and MCR eligibility requested annually upon receipt of first claim.	Yes for each.	Handicapped must complete form and have MD sign, must meet requirements. Yes to Medicare eligibility.	Yes, verifies handicapped and Medicare eligibility	Student not required, handicapped done based on disability and MCR also done annually.	0.25
On-Line Access for Enrollment /Claims -10	Yes	Yes	Yes	Yes on enrollment, only aggregate claim info	Yes	1.50
Reports -12	Reporting available on line 24/7. Reports updated monthly. Early rpts include membership listing. Paid amount by month Med and Rx lag rept, high cost claimants	Flexible, real-time 24/7 information access via the web. Bi-annual or quarterly reports provided for financial trends, cost improvement, network performance, cost shares, reinsurance	Accounting package at end of policy period to include: Financial Summary, Reserve Analysis, Stabilization Reserve Report, UM Reports on monthly basis.	Ad hoc reporting tool for clients at the employer group level. Rpts include enrollment, financial, cost and utilization and high cost claimants	Web based reporting tool for claim utilization. Also standard package on monthly basis. Top 25 MCC, Expenses by dx, Claims lag, key statistics by svc category, enroll by month, top 25 high cost claimants	2.00
Audit of Administrative processes -13	Yes as included in current agreement	Yes	Yes to all	Yes, but limited to one per year	Yes	0.25
Organizational resources available for implementation -14	Support staff for on site meetings	Yes, acct execs, mgrs, service reps and medical mgmt staff to assist at Open Enrollments	Enrollment svcs for on-sites, toll free mem svc, internet services.	Yes, Acct Mgmt Team to include Enrollment, CS, Operations, Med Mgmt and Underwriting	Engage in on-site enroll meetings, create enroll pkgs, timely contact with Sales and Mkt Depart.	0.50
Sample contract	Incumbent	No	No		Sample Administrative Services Agreement	0.50
Prepare Summary Plan Description - Cost? -15	Yes	Yes/no charge	Yes/no charge	Yes/no charge	Yes/no charge	0.50
Implementation Time Line -16	Yes	Yes - 12 weeks with a 4/1/2012 start up date	Yes, 6 month schedule	Yes, 9 week schedule	Yes - 90 Day Schedule	1.50
<b>Criterion Score</b>	<b>9.60</b>	<b>9.30</b>	<b>8.05</b>	<b>9.20</b>	<b>9.75</b>	<b>10.00</b>



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**MEMBER SERVICES**

This particular criterion is designed to provide an understanding of each company's abilities as they relate to the covered members' direct contact with the administrator of their insurance plan. In this criterion, we evaluated many factors, including, but not limited to, those listed in the chart below which is provided for your review and reference:

	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP (MAP, Min Prem, ASO)	CDPHP Self Funded	Value
Member Service location -17	Albany, NY	NOT PROVIDED	Allentown, PA	Schenectady, NY	Albany, NY	0.50
Contact options - 17	Telephone, web site	Toll free #	Toll free #, email, written correspondence	Fax, on-line, toll free #, Live Chat	Telephone, written	0.50
Hours of operation - 18	M-F 8:30 - 5:00	M-F 8:00 AM - 7:00 PM	M-F 8:00 AM - 6:00 PM	M-F 8:00 AM - 6:00 PM (MAP-8AM- 8PM)	M-F 8:00am - 5:00pm/MCR-M-F 8am-8pm	1.00
Average speed to answer -19	50 sec	33 sec	35.2 sec	88 sec (MAP-41 sec)	12 sec	0.50
Abandonment rate (Member svcs) - 20	2.10%	13.00%	1.80%	4.9% (MAP-2.24%)	0.70%	0.50
After hours calls - 21	IVR with several options for members, web site, and voice mail, customer service on line	Answering Service with calls returned next business day.	24 hour IVR or use of web site.	On-call service for after hour calls, also on-line portal. (MAP-message to connect to 24/7 nurse line)	Answering service screens calls and can refer to nurse on call.	1.00
Dedicated resources - 22	No, dedicated team model	Yes, dedicated resources for billing, eligibility, customer svc, and email address	Yes, to a team of @ 20 member services reps	Team of designated reps	6 reps to handle self funded gpps.	0.50
On line access: -23	Yes	Yes	Yes	Yes	Yes	-
Other info available via internet -23	Customer Svc access, Preventive care guidelines, Telehealth, discounts, Cost estimator, +	Telemedicine, Find a Doctor, Cost estimator	Status of claims, health history record, check flexible spending account info, view BOBs, contact member svcs.	Personal Hlth Assessment, preventive care info, 24/7 nurse line, health and wellness tools,	Health Assessments, link to Rx coverage, health coach, send message to CS	1.00
Appeals Process -24	Appeal process in compliance with all state and federal laws. Process includes 3 levels; Grievance, Appeal and Complaints	Documented process to include: grievance, formal complaint, and utilization appeals	Documented process includes complaints and appeals, expedited appeals	Documented process included in certificate of coverage and member guide	Documented appeal process compliant with NYS regulatory requirements.	1.00
Ancillary programs for members -25	Medical management program, Disease Mgmt, 24/7 Nurse line, Maternity Mgmt, Health Assessment, Employer Wellness Toolkit	Wellness Debit Card for gym memberships, weight watches, fitbit products, etc., Personal Hlth Advocates, Holistic health and wellness program, Nutrition Program, Health Coaching, Worksite Wellness Programs	Health & Wellness programs, Payment estimator, hospital compare tool,	Living Well Newsletter, Web with wellness related topics, Lifestyle Coaching, Choose Healthy Discounts, WellStyle Rewards, Coaching Sessions, Educational Materials, Onsite Biometric Screenings	Wellness programs, wellness classes, weight mgmt resources, gym access, nutrition classes, tobacco cessation programs, Mom 2 be programs, health coach,	1.00
Criterion Score	9.20	8.85	9.45	9.10	8.85	10.00



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**PLAN DESIGN**

This phase of the analysis evaluates each respondent's abilities to match the current benefit plan. The Committee was confident that each company could in fact meet the requirement of matching the existing benefits. However, companies that were locally domiciled were given a slightly higher rating due to the lack of transition issues related to the medical provider networks involved.

	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP Self Funded
Match requested Benefit Structure	Incumbent	Confirmed can provide benefit structure matching current Plan Designs	Matched to the best of their ability.	Confirmed, can match current benefits	Match benefits under a totally Self-Funded arrangement.
Potential problems	None	None	Some issues identified	No potential problems	None in administering the Plan
<i>Criterion Score</i>	<i>10.00</i>	<i>10.00</i>	<i>9.00</i>	<i>10.00</i>	<i>10.00</i>

**PROVIDER NETWORK ADEQUACY**

A critical component involved in selecting the correct business partner to administer the County of Albany is a medical provider and facility network that provides broad access for the covered members. There is always a critical balance which must be struck between keeping costs down and having enough providers and facilities in the network to meet the needs of the population. During this evaluation stage, it was the opinion of Locey & Cahill, LLC and the Committee that the BlueCross BlueShield Plans had a distinct advantage on a national basis. The "Blue Card" Program allows covered members to receive in-network benefits at any BlueCross BlueShield participating provider worldwide. This network provides a high level of confidence for members as the BlueCross BlueShield Logo is readily recognized. All of the other respondents used a "patchwork" model to piece together independent networks to provide adequate national provider coverage. Please refer to the following scoring for this criterion

	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP Self Funded	Value
Number of Primary Care Physicians					657	-
Albany County	860	431	609	571	280	1.50
Surrounding Counties	1,072	689	753	753	436	1.50
Number of Specialists					2,370	-
Albany County	1,770	1,476	1,127	939	959	1.50
Surrounding Counties	2,574	1,589	1,629	1,187	868	1.50
Number of Facilities	10	11	Proprietary Info	8	8	1.50
% of physicians Board Certified - 28	81%	67%	80.46%	72%	81.20%	1.00
Credentialing process - 32	Provided	Provided	Provided	Provided	Provided	0.50
Availability of state/national networks - 31	Direct contracts with national and state wide contracts	BlueCard Program	Nat'l contract with Quest Diagnostics = others on capitated basis	Contract with CIGNA for services outside MVP Service Area (NY/VT)	Optum Health for transplants, cancer. MagnaCare and First Health for national providers	1.00
<i>Criterion Score</i>	<i>9.71</i>	<i>8.12</i>	<i>7.06</i>	<i>7.77</i>	<i>6.76</i>	<i>10.00</i>



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PROVIDER NETWORK PRICING

One of the most critical criterion evaluated as part of this process is the reimbursement levels paid to participating medical providers and hospitals. The evaluation of this criterion consisted of a separate evaluation of the responses provided by each proposer for approximately one hundred (100) procedure codes identified in the proposal. We asked each proposer to provide their reimbursement rate to participating providers based on these services being rendered in the Albany County Area. In addition, we supplied each company with a detailed hospital pricing exercise utilizing the most frequented hospitals in the Capital District Region. This allows us the opportunity to evaluate each company on as close to an "apples to apples" comparison as possible.

The sample of procedure codes identified in the RFP represented a full array of services, from office visits to diagnostic studies to surgical procedures. Each procedure code utilized in the evaluation was weighted based on the expected utilization of the service for a population of approximately 3,000 contracts and approximately 7,500 covered lives. The rationale for conducting the analysis in this fashion is simple; we want to ensure we are considering the total annual expected expenditure for each item as opposed to the value per service. This ensures a service like office visits with extremely high utilization, but a low dollar value per service, is appropriately factored into the analysis. In addition, it prevents a low frequency, high dollar service, like a major surgical procedure from skewing the analysis due to its dollar value per occurrence.

Due to the confidential nature of the contracted rates each proposer has with their respective participating provider community, we are only allowed to share summary data relative to our analysis. This summary data was derived from the actual quoted reimbursement rates provided in each company's response to the RFP. It should be noted that the RFP clearly states that the quoted reimbursement rates are subject to audit and that any company found providing false or inaccurate data would be subject to possible legal recourse. Additionally, it is important to note that Locey & Cahill, through its Audit Department, has had many opportunities to review and audit the claims processed through most of these administrators and we use that level of expertise to our review of the provider network and facility pricing submissions.

Based on our analysis, Empire BlueCross BlueShield, BlueShield of Northeastern New York and CDPHP provided the most significant discounts on an overall basis. The evaluation of this aspect of the criterion involved a review of the specific contract data provided, along with an evaluation of the Local, State, Regional, and National hospital networks to ascertain the financial impact each network would have on the County's consolidated self-insurance plan. The BlueCross BlueShield companies, in the Committee's opinion, hold a distinct advantage over the other respondents as they have access to the national BlueCross BlueShield Network. This system, referred to as the Blue Card System allows BlueCross BlueShield Plans to take advantage of the discounts negotiated by the local Plan. In other words, a BlueCross BlueShield Plan in New York has access to the same discounts in Boston as BlueCross BlueShield of Massachusetts. This system was factored into the analysis and resulted in an advantage given to BlueShield of Northeastern New York and Empire BCBS.

It should be noted that the Humana bid for the Medicare population only did not include detail as to this aspect of their bid due to the fact that this information is reviewed and controlled by Medicare and that the rates quoted are fully insured and not subject to measurement of the underlying provider network pricing.



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Criterion Description	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP Self Funded	Value
Inpatient/Local Discount	41.00%	Confidential & Proprietary	65.00%	42.00%	49.17%	2.00
Inpatient/National Discount	52.01%	52.00%	52.30%	48.74%	29.61%	0.75
Outpatient/Local Discount	60.20%	Confidential & Proprietary	No credible utilization	60%	70.60%	2.00
Outpatient/National Discount	57.95%	58.00%	54.40%	49%	31.57%	0.75
Provider/Local Discount	58.60%	Confidential & Proprietary	No credible utilization	46.00%	47.34%	1.00
Provider/National Discount	49.80%	50.00%	53.40%	56.27%	49.85%	0.75
Xray/Lab Reimbursement -36	Aim Specialty for radiology mgmt, labs include Quest, Lab Corp	Capitated agreement with Quest Diagnostics for lab svcs	Quest for lab, also chiro, DME, HH, Hospice, Radiology, PT, DPM	MVP network of ancillary provided	Preferred list of radiology providers and Lab Corp for lab svcs.	0.00
CPT Reimbursement -37						2.75
Basis for UCR - 38	Fair Health @ 90 percentile			Fair Health	Fair Health @ 80 percentile based on Zip	0.00
<i>Criterion Score</i>	<i>9.35</i>	<i>9.30</i>	<i>8.65</i>	<i>7.80</i>	<i>7.63</i>	<i>10.00</i>

**CLAIM ADJUDICATION SERVICES**

Another key element associated with this process is the ability of each administrator to adjudicate claims in an accurate and efficient manner. Over the years, this particular item has become less of an issue from a member satisfaction perspective as more claims are submitted electronically directly from the provider's office to the administrator and in most cases the payment goes directly to the provider of service. This has resulted in less member involvement in the claims process. In addition, many provider network agreements require the administrators to achieve certain timeliness of payment criterion in order to achieve the most favorable discounts. These factors coupled together with significantly more sophisticated claims adjudication systems have resulted in the increased accuracy and efficiency of the medical claims administrative process. In the following, we have highlighted some of the key elements identified in the RFP as they related to the claims adjudication process. We have also provided the scoring assigned to each respondent based on their responses to the RFP questions and based on information gathered during the interview process:



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	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP Self Funded	Value
Hours of Operation (EST) -39	M-F 6:00 AM - 5:00 PM	M-F 8:00 AM - 7:00 PM	M-F 8:00 AM - 6:00 PM	M-F 7:00 AM - 5:30 PM	M-F, 6:30 AM- 5:00 PM	1.00
Processing/Procedural Accuracy Standard/Actual -40	98.00%	99.00%	97.00%	98.00%	95.00%	1.00
Financial Accuracy Standard/Actual -40	99.00%	99.00%	99.00%	99.35%	97.00%	1.00
Percent of claims received electronically -41	94.20%	93.00%	93.50%	94.00%	94.00%	1.00
Percent of claims that auto-adjudicate -41	88.84%	87.00%	81.70%	86.00%	81.00%	1.00
Average turnaround for clean claims -42	14 days - 92.3%	5 - 10 days	90% in 7.7 days, 95% in 15 days	4.94 days	9 days	1.00
System edits for processing accuracy -43	Yes to all+duplicates, medical necessity	Yes to all+ high dollar and same day surgery	Yes to all + age limit edits, Medicare eligibility, plan limits, provider edits	Yes to all + coding accuracy	Yes to all + high dollar review and prior authorization review	1.00
Dollar threshold for additional review -44	MD-\$5,000 Facility-\$35,000	MD-\$10,000; OP- \$20,000, Inpt- \$50,000	\$10,000	Trainee-\$500; Level 1-\$1,500; Level 2-\$2,500; Level 3-\$2,500; Senior Proc-\$50,000. Supv- \$150,000; Mgr-\$750,000; Director/VP-\$1,000,000	MD-\$10,000, Facility-\$20,000	1.00
System security measures -45	Some limitations for claim processors, but some abilities to update member eligibility, COB and Referral info is allowed.	Two systems utilized to help in detecting fraud and abuse by providers. Claim processors do not have ability to change or update member or provider info.	System edits to help identify fraud, SIU investigates, data mining and analytics. Claim processors can update COB info only.	Claim processors cannot update provider or member eligibility. SIU unit dedicated to fraud and abuse.	Limits ability to update claim/provider/fee schedules to specific staff	1.00
Deal directly with provider when charges above UCR -46	Yes	Dependent upon network participation. Yes to Par Providers. Will attempt to negotiate discount on high OON charges	Yes	Yes with network providers.	Yes	1.00
Claims Processing System						
Criterion Score	9.70	9.63	9.46	9.62	9.52	10.00

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UTILIZATION MANAGEMENT SERVICES

A key element of the claims adjudication and member services provided by medical benefit administrators today is the function of medical management and utilization management services. With the significant costs associated with high dollar claimants, the need for these services has grown exponentially over the years. In the following, we have highlighted some of the areas evaluated as part of the RFP Process associated with these services and the scoring provided for this particular criterion.

	Empire BlueCross	BlueShield of Northeastern NY	Actua	MVP	CDPHP Self Funded	Value
Emergency phone for nurse triage - 24/7 -47	Yes	Yes	Yes	Yes	Yes	1.00
UM process -47	Empire Criteria utilized. External reviews by Radiant and OrthoNet	In house by experienced and knowledgeable BS staff.	UM performed in House.	In house except for Behavioral Health Services - managed by Beacon Health Options	NCQA and ASAM guidelines by UM. High tech radiology outsourced to eviCore	1.00
UM staffing -48	Licensed health care professionals to include: nurses, physicians, therapists and other clinically educated professionals	Staffing includes MDs, RN and LPN.	Includes RN, LPN, Soc Wkrs, Counselors, Pharmacists, Dentists, Psychologists and MDs.	70 Clinicians to include RNs, LPM, OT/PT	Inpt Program=15 nurses, 2 non clinical support staff. For UM/Prior Authorization=16 nurses + 4 non-clinical staff	1.00
Review Services						
Prospective -49A	POS appropriateness, network status, medical appropriateness, anticipated inpatient and post discharge care	Includes pre-cert of hospite/surgical procedures, DME, elective admits, home care, MH, out of plan requests.	Includes pre-certification for inpatient and select ambulatory procedures and services. Confirms eligibility and benefits and appropriateness of place of service.	Pre-certification of hospital and surgical procedures	Pre-certification of hospital admits and surgical procedures	1.00
Concurrent- 49B	Large Case Mgmt and Discharge Planning	Large Case Mgmt, Discharge Planning	Includes large case mgmt and discharge planning.	Includes Large Case Mgmt and Di Planning	Includes Large Case Mgmt and Discharge Planning	1.00
Retrospective -49C	UM Data Analysis and DRG/CPT Review	UM Data Analysis, DRG/CPT Reviews	If pre-cert done verification of dates on claim submitted.	Includes UM Data Analysis, DRG/CPT review for medical necessity.	Includes UM Data Analysis and DRG/CPT Review	1.00
Member notification of UM	Yes, verbal and written notifications to provider and member	Yes, verbal and written to member and provider with appeal rights if denied by Med Dir.	Written notification provided and verbal if state mandated.	Members are notified verbally for prospective and in writing of all utilization review decisions.	Yes, all denials are reviewed and determined by medical directors.	2.00
Appeal process for UM dec	Both Member and Provider Appeal Processes for clinical and other types of disputes.	Appeal process for adverse determinations, to include Internal, Expedited and External levels	Appeal process can include peer to peer review, and may be expedited	Two levels of appeal for pre-65 members and 5 levels for MAP members.	Yes	2.00
Criterion Score	9.90	9.90	9.30	9.40	8.90	10.00



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ADMINISTRATIVE COSTS

The administrative fees are an important aspect of the analysis. However, it should be noted that this expense item typically accounts for less than 10% of the total expenses associated with a health insurance plan. The administrative fees include the charges associated with the claims adjudication process, customer service operations, provider network management, and all other administrative support functions necessary for a professional claims operation.

Currently, the County utilizes an insured model via a Minimum Premium Insurance Contract for the provision of its medical benefits plan. The fees associated with an insured plan, even those using a Minimum Premium Model are typically higher than the fees associated with a true self-insurance plan. The cost difference may involve premium taxes, contributions to insurance company reserves, and increased labor relative to insurance department regulatory compliance and reporting.

Movement to a true self-insurance model does eliminate certain protections afforded to the County of Albany in terms of liability associated with the operation of the health insurance plan. In addition, it places the County of Albany in a more precarious situation in terms of compliance with the collective bargaining agreement language as the County now assumes the role of the insurance company guaranteeing compliance with State and Federal Law.

With the above in mind, the administrative fee analysis is as follows:

Criterion Description	Empire BlueCross	BS of Northeastern NY	Actua (Fully Insured) (No Rx)	MVP	CDPHP Self Funded
Contract Type	Minimum Premium (05/01/18-04/30/19)	ASO (05/01/18-05/01/20)	Fully-Insured	Minimum Premium (05/01/18-04/30/19)	Actives Only (05/01/18-04/30/21)
Admin Svs (Billed PCPM)	\$74.75	\$28.00	n/a	\$68.01	\$38.34
Single (960)	\$801.23	n/a	\$720.13	\$505.51	n/a
Two Party (555)	\$1,458.24	n/a	\$1,595.48	\$1,162.68	n/a
Family (798)	\$2,107.23	n/a	\$2,408.49	\$1,238.51	n/a
UM Svcs (PEPM)	\$0.00	\$3.47	n/a	\$0.00	\$0.00
Large Case Mgmt (Hr)	\$0.00	\$0.00	n/a	\$0.00	\$0.00
Network Access Fees (PEPM)	\$0.00	\$0.00	n/a	\$0.00	\$0.00
Disease Management Services (PMPM)	\$0.00	\$0.45	n/a	\$0.00	\$0.00
Stop-Loss Reporting Fee	\$0.00	\$3.00	n/a	\$0.00	\$0.00
Total Administrative Fee	\$74.75	\$34.92	n/a	\$68.01	\$38.34
Annualized Fee	\$2,053,233.00	\$959,182.56	n/a	\$1,868,098.68	\$1,053,123.12



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**REQUIRED DOCUMENTATION**

Part of the RFP Process includes certain requirements of the County of Albany for each respondent to provide certain required documents to ensure compliance with the procurement processes associated with this RFP Process. Below is a summary of the information received.

	Empire BlueCross	BlueShield of Northeastern NY	Aetna	MVP	CDPHP
Statement of compliance	Yes	Yes	Yes	Yes	Yes
Non-collusion agreement	Yes	Yes	Yes	Yes	Yes
Acknowledgement letter	Yes	Yes	Yes	Yes	Yes
Cost Proposal Form Sign Off	Yes	Yes	Yes	Yes	Yes
Vendor Responsibility Questionnaire	Yes	Yes	Yes	Yes	Yes
Sample reports	Yes	Yes	Yes	Yes	Yes
Materials for Implementation	No	No	Yes	Yes	No
Implementation schedule	Yes	Yes	Yes	Yes	Yes
Insurance certificates	Yes	Yes	Yes	Yes	Yes
Sample contract	Incumbent	No		No	Yes

On the following page, we have provided our conclusions and recommendations relative to this RFP Process for your review and reference.

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CONCLUSIONS AND RECOMMENDATIONS

There are a number of strategies which could be implemented in an effort to make the County of Albany Health Insurance Plan more efficient. However, none of these strategies can be implemented while keeping the current structure of the health insurance plan intact. Any change which would make the plan more efficient will involve a restructuring of the benefits offered or changing the financial structure of the plan.

It is our professional opinion that the County of Albany's Health Insurance Plan prior to 2006 was inefficient as a result of the fact that there was a dysfunctional mix of community-rated, experience rated, and self-insured plan options. The consolidation of the prior plans under one financial strategy required a change in benefits as no process existed which would allow the duplication of the HMO plans under an experience-rated or self-insured environment due to networks, discount levels, and benefit structures.

As a result of the aforementioned, the County of Albany developed a benefit plan which combined the previous benefit plans into one Preferred Provider Organization (PPO) Plan. In order for this plan to work, the County of Albany had to engage a business partner who was best suited to provide a high level of customer service and the deepest discounts without compromising access to a high quality network of participating providers and facilities.

At that time and based on the criteria developed by the County of Albany and the review of proposals which included an interview process with each respondent, the County selected Empire BlueCross BlueShield. In addition, at that time, the County of Albany wanted to continue to provide medical benefits via a contract of insurance utilizing a minimum premium insurance model. This allowed the County to increase the financial efficiency of the medical benefits plan by taking on more financial risk. However, it allowed the County to avoid the liability issues associated with providing medical benefits via a self-insurance model whereby the County would be the "insurance company."

With the current financial pressures being felt by all municipalities, the County of Albany has evaluated its current medical benefits plans and has decided to move toward the development of a self-insured municipal cooperative health benefit plan model. This type of program could reduce the administrative costs associated with the plan as a result of a shift in liability from the insurance carrier to the County. The attached summary which compares and contrasts the variables between the current minimum premium insurance model and the proposed self-insurance model provides the detail which should allow the County to fully comprehend the issues associated with making the decision to self-insure its medical benefit plan via a New York State Article 47 Municipal Cooperative Health Benefit Plan Model. As a result, we will not detail those elements here. Instead, we will provide a summation of the recommendation as to which insurance company is being recommended at this point in time.

As a result of the RFP process, it is recommended that the County of Albany contract with Empire BlueCross BlueShield for the provision of health insurance administrative services. This opinion is based on the belief that by contracting with Empire BlueCross BlueShield on a minimum premium basis, the County achieves its goals and objectives with the least amount of member disruption based on the following factors:

1. The County of Albany, based on Empire BlueCross BlueShield's proposal on a minimum premium basis will maintain its current plan while the County looks to establish a New York State Article 47 Municipal Cooperative Health Benefit Plan. This will result in no disruption to the membership while a longer-term strategy is investigated and possibly implemented.



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2. Due to the fact that Empire BlueCross BlueShield is the current insurance carrier associated with the County's Consolidated Medical Benefits Plan, the following items remain unchanged:
  - a. The medical provider network of facilities and physicians remains in place on a local, regional, and national basis ensuring the least amount of member disruption possible.
  - b. The medical benefits associated with the current minimum premium insurance plan.
  - c. The internal processes associated with the adjudication of member claims.
  - d. Points of contact for service and support accessed by the covered members and the County of Albany.
3. The evaluation of the proposals indicates that Empire BlueCross BlueShield provided the best overall proposal based on the criteria evaluated in this process. Although, Empire was not the lowest cost alternative from a pure administrative cost perspective when the medical provider network facility and physician discounts were factored into the analysis, Empire was shown to have the best overall cost structure.

It is important to keep in mind that the paid claims and related expenses associated with the medical benefits plan account for approximately 85% of the overall costs. As a result, the administrative costs, although an important consideration is only a small part (11%) of the overall financial evaluation process with the remaining costs being associated with various taxes and claims related expenses which will remain unchanged regardless of which administrator is chosen.

In terms of the quantifiable data analyzed as part of this process, we reviewed the cost impact associated with the provider and facility discounts related to the detailed claims and service data we provided to each company. The inpatient and outpatient hospital pricing exercise showed that BlueShield of Northeastern New York had the best overall pricing arrangement based on the claims and facilities analyzed followed by CDPHP then Empire BlueCross BlueShield then MVP. These claims account for approximately 54% of the medical claims paid by the County on an annual basis. The professional services pricing exercise resulted in Empire BlueCross BlueShield providing the best overall discount arrangement followed by BlueShield of Northeastern New York then CDPHP then MVP. These claims represent approximately 37% of the total medical claims on an annual basis. When we factored this cost data into our analysis with the quoted administrative fees, Empire BlueCross BlueShield rose to the top with the best overall pricing model.

4. If a New York State Article 47 Municipal Cooperative Health Benefit Plan is developed by the County, the transition to the self-insurance model utilizing Empire BlueCross BlueShield can be facilitated quickly and with little to no disruption maximizing the time frame in which the County can transfer the risk to reduce costs.

It is recognized that Empire BlueCross BlueShield was not the lowest cost bidder from an administrative fee perspective. However, with approximately 85% of the cost dependent upon the negotiated discounts with medical providers and facilities, the total cost analysis showed Empire BlueCross BlueShield to have an advantage over its competitors in this review process.



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Of course, cost was a major factor in this review process and this includes the County's costs to defend grievances, and provide solutions where benefit differences are noted in plan design, plan adjudication, or network access. It is our opinion that this is a sound and prudent recommendation given the circumstances and goals associated with the County of Albany's Health Insurance Plan.

We want to thank the Albany County Personnel Department for their efforts in this review process and we thank County of Albany Legislature for your time and cooperation with this most critical matter. As always, please do not hesitate to contact us should you have any questions about this issue or should you require assistance of any kind.